



STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

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Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

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California Department of Corporations, FTC Slam Door on National Consumer Council & London Financial Group for Deceptive, Unlawful Operation

Joint Effort by Department of Corporations and Federal Trade Commission Leads to Take-Over of Southern California-based National Consumer Council, Inc. and London Financial Group

SACRAMENTO --- The California Department of Corporations and the Federal Trade Commission raided offices and shut down a consumer credit counseling sham Monday following a joint investigation into the company's unlawful and grossly deceptive business activities, the Department of Corporations announced today.

Following a months-long investigation headed by Department of Corporations Counsel Sean Rooney, the Department issued a Desist and Refrain order to Harvey Warren of National Consumer Council, Inc. (NCC) and Walter Ledda and Paul Kardos of the London Financial Group (LFG) for operating without a license. The group and their businesses were engaged in "prorater" activity – setting up plans with customers to negotiate and make payments to creditors on their behalf – which requires a license from the Department of Corporations under the California Financial Code.

The three ran a consumer credit counseling service for customers who had incurred excessive credit card debt and set up payment plans to help them become debt-free. In addition to operating illegally without a license, Department officials also uncovered numerous deceptive and misleading tactics by NCC and LFG that caused already financially distressed customers additional hardship. The group charged customers exorbitant up-front fees and often withheld and delayed payment of funds to creditors after instructing customers to stop paying them directly.

The Department's order immediately stopped all activity by the three individuals and their businesses, and a receiver was assigned to take immediate control of the operation.

The Department of Corporations is California's Investment and Financing Authority. The Department is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, please visit the Department's web site at www.corp.ca.gov or call 1-866-ASK-CORP (1-866-275-2677).